

Guaranteed Health Benefit Plan

HB 2640/SB 6603

Background

Today's health care system is in crisis. Seven hundred thousand people in Washington are uninsured. One of every four people lucky enough to have insurance doesn't have enough coverage to meet their needs -- leaving them unprepared to pay for major medical expenses.

Every 30 seconds, someone in the U.S. files for bankruptcy in the aftermath of a serious health problem. Beyond the financial implications, lack of insurance can mean life or death. If you are diagnosed with cancer, you are twice as likely to die if you have no insurance.

Washington state can lead the way in reforming our ailing health insurance system.

What is the Guaranteed Health Benefit Plan?

Insurance Commissioner Mike Kreidler is proposing health insurance reform that would guarantee people have coverage in a health crisis – offering peace of mind and a guaranteed level of financial security for all Washington residents.

All residents would have catastrophic coverage for health emergencies over \$10,000 a year plus limited preventive care, including immunizations, cancer screenings, an annual check-up, and an annual dental visit.

Beyond the guaranteed benefits, people choose the additional coverage they want to buy for more routine health care at a more affordable price. By guaranteeing catastrophic coverage, premiums for routine health care are expected to drop by 35-40 percent.

For those needing assistance affording routine health care, access to the Basic Health Plan would be available on a sliding scale to residents earning up to 300 percent of the Federal Poverty Level (or \$30,630 for an individual).

ALL of this insurance – catastrophic and routine health care – would be provided through private health insurers. Consumers choose their own health plans and their own doctors.

Everyone gets covered. And because the risk is pooled, health insurance is less expensive for all of us.

Smarter and Fairer Funding

The same three payers who cover the costs of health care today will continue to do so tomorrow (individuals, employers and state government). The difference is that it will be done smarter and fairer.

Up to 40 cents of every premium dollar today is dedicated to catastrophic care. The Kreidler Plan proposes funding that more broadly through a shared payroll assessment. It recommends a 1 percent assessment of employees' wages and 3 to 5 percent of employers' gross wages based on a sliding scale. Small businesses would pay less than large businesses.

Kreidler is open to other funding mechanisms – if they are broad-based and fair.

Ultimately, the plan would seek approval by voters.

Benefit Details

Every person who is a permanent resident of Washington for at least six months will get the guaranteed coverage Kreidler proposes. Residents new to the state after the law takes effect also would have a 12-month waiting period for pre-existing conditions.

A nine-member Guaranteed Benefits Board would define the schedule of benefits with representatives from business, labor, insurance carriers, health providers and the public.

Access, Quality and Costs

The health care crisis is a multi-faceted problem. The Guaranteed Benefits Health Plan focuses on access to health care. But it also builds upon the critical work of the state Blue Ribbon Commission, rewarding evidence-based care that works and designing administrative cost savings plans and incentives.

March 10, 2008